

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN ALLAN WALTERS**, on March 6, 2001 at 8:00 A.M., in Room 455 Capitol.

ROLL CALL

Members Present:

Rep. Allan Walters, Chairman (R)
Rep. Debby Barrett, Vice Chairman (R)
Rep. Tom Dell, Vice Chairman (D)
Rep. Norma Bixby (D)
Rep. Dee Brown (R)
Rep. Donald L. Hedges (R)
Rep. Hal Jacobson (D)
Rep. Larry Jent (D)
Rep. Michelle Lee (D)
Rep. Larry Lehman (R)
Rep. Ralph Lenhart (D)
Rep. Gay Ann Masolo (R)
Rep. Douglas Mood (R)
Rep. Alan Olson (R)
Rep. Holly Raser (D)
Rep. Rick Ripley (R)
Rep. Clarice Schrumpf (R)
Rep. Frank Smith (D)

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Branch
Ruthie Padilla, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 10, 3/1/2001; SB 236,
3/1/2001
Executive Action: None

HEARING ON SB 10

Sponsor: SENATOR EMILY STONINGTON, SD 15, BOZEMAN

Proponents: Joe Mazurek, City of Great Falls

Opponents: None

Opening Statement by Sponsor:

{Tape : 1; Side : A; Approx. Time Counter : 1.4}

SENATOR EMILY STONINGTON, SD 15, BOZEMAN said the bill revises the interim process that was set up two years ago. In 1999 the legislature passes a bill that restructured the entire interim process. Until then they had been adding committees. This bill will fix some things that didn't get done quite as well as they could have and defines a few things. She went through the bill page by page and discussed it with the committee and submitted her proposed amendment to the bill. **EXHIBIT**(sth51a01)

Questions from Committee Members and Responses:

{Tape : 1; Side : A; Approx. Time Counter : 12.0}

REPRESENTATIVE LENHART asked what "reasonable necessity" is and who decides what it is. SENATOR STONINGTON said the Department decides that. If the bill passes giving rule making authority to an agency, they decide what it is, but this is the standard by which the legislature will oversee what they put into rule.

REPRESENTATIVE BROWN asked who many people are usually on the interim committees. SENATOR STONINGTON replied usually between 8-16.

REPRESENTATIVE MASOLO asked who is going to take care of the ongoing big bill. SENATOR STONINGTON replied they feel what is going to happen is the committee might end up being divided up, with a one day work session for each agency.

REPRESENTATIVE HEDGES shared with SENATOR STONINGTON and the committee that section 7 of the bill covers the general duties of all interim committees.

Closing by Sponsor:

{Tape : 1; Side : A; Approx. Time Counter : 30.4}

SENATOR STONINGTON said this discussion could help the committee members look ahead and think about how they want to participate in the interim committees. It is integral part of the legislative responsibilities and workings. She hopes they will take it seriously and think about which committee they are going to serve on. She feels they need to have reverence for the institution and legislature as the policymaking body for the people. This bill carries that responsibility and should help the process.

HEARING ON SB 236

Sponsor: **SENATOR DUANE GRIMES, SD 20, CLANCY**

Proponents: **Mike O'Connor, Public Employees Retirement
Administration**

Opponents: None

Opening Statement by Sponsor:

{Tape : 1; Side : B; Approx. Time Counter : 0.9}

SENATOR DUANE GRIMES, SD 20, CLANCY said he doesn't know how many committee members are guilty of throwing away unopened mail, but in legislative experience they have probably not opened mail, especially if they thought they already knew the contents. The bill addresses that issue. There was a window of time that legislatures had to opt in or out of PERS. As a new legislator they have six months to make a decision, in the past there was no time limit. They could end their legislative career and then decide to participate in PERS. They could pay in the total years served, which is in violation of IRS principals and rules. To comply with the IRS the PERS sent information packets advising legislators of the sign up period. Some legislators failed to respond within the time limit. This bill is specifically for the 16 legislators who missed the time limit. The Senate was concerned this bill would grant a special exception, which is not to be done in the legislature, who strives should treat all parties equal. If they missed the window they missed it. Legislators do treat people differently and extend time lines. He referenced the water rights

laws to see how they have had deadlines extended. He feels this is fair to those people who dedicated time to the legislature and were repeatedly told to wait until the end and make a decision. This is something that can be done in-house to take care of our own.

Proponents' Testimony:

{Tape : 1; Side : B; Approx. Time Counter : 6.7}

Mike O'Connor, Public Employees Retirement Administration stated there was an issue with the individuals who had not signed up within the window. We asked the tax council what could be done to extend the window and comply with the IRS. This bill is a result of that advice. We extended the window for sign up and paying the back contributions until December 31, 2000. Upon passage of this bill the Legislative Council will pay their contribution, we will apply the legislator's contribution and credit the past service.

Questions from Committee Members and Responses:

{Tape : 1; Side : B; Approx. Time Counter : 11.4}

CHAIRMAN WALTERS said he admits he is one of the 16 and has sent his \$4,600.00. He stated they were told to wait to enroll, because you must be reelected to serve the five years required to be vested. **Mike O'Connor** said there are a couple of things that can happen. Some legislatures were previously employed by the state and are already members of the system so their contributions would be added to their account. Legislators who don't get reelected are refunded their contributions with interest or can roll it into an IRA.

REPRESENTATIVE HEDGES asked if they had the option of electing into the system each time they are elected, since they would be considered a new state employee each time they are elected. **Mike O'Connor** replied the law says there has to be a 30-day break in service to be considered a new employees and legislators who are reelected do not have a 30 day break in service.

REPRESENTATIVE MOOD said despite the fact he had read and studied the retirement codes, he did not have the slightest idea of how to join. **REPRESENTATIVE MOOD** asked if the medical coverage will continue for a member of PERS. **Mike O'Connor** said if the individual is vested, they can continue with the health insurance program.

REPRESENTATIVE RIPLEY asked if the fiscal note had any impact. **Mike O'Connor** replied the employers' contribution will be due if the law passes. He does not have the exact cost but can get the amount.

REPRESENTATIVE LEE asked if the people directly effected by this piece of legislation are going to be allowed to vote on it due to potential conflict of interest. **SENATOR GRIMES** They can't tell a legislature when he can vote. It is up to the Legislators' discretion. There is no question this bill would affect them personally but it the bill is broad enough that the legislator would have to decide. None of the effected Senators excused themselves. All legislators will have bills that could benefit them and will have to make the decision to vote or not.

Closing by Sponsor:

{Tape : 1; Side : B; Approx. Time Counter : 26.5}

SENATOR GRIMES clarified if legislators signed up now they could become vested into PERS by the 3rd house term. If they take the state insurance, the state treats them like full time employees and contributes \$240.00 a month to the premium. A vested legislator who resigns, retires or loses an election can pay the \$240.00 and continue receiving insurance coverage. He encouraged everyone to opt in so they can participate in all benefits.

ADJOURNMENT

Adjournment: 9:08 A.M.

REP. ALLAN WALTERS, Chairman

RUTHIE PADILLA, Secretary

AW/RP

EXHIBIT (sth51aad)